

***GRAYSLAKE COMMUNITY CONSOLIDATED
SCHOOL DISTRICT NO. 46***

Annual Financial Statements

**For The Year Ended
June 30, 2006**

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46
June 30, 2006

TABLE OF CONTENTS

	<u>Page(s)</u>
Financial Section:	
Independent Auditors' Report	1-2
Report Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	3-4
Management's Discussion and Analysis	5-15
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet – Governmental Funds	18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	19
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statements of Fiduciary Assets and Liabilities – Agency Funds	22
Notes to Financial Statements	23-43
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	44

TABLE OF CONTENTS

	<u>Page(s)</u>
Combining and Individual Fund Financial Statements and Schedules	
General Fund:	
Balance Sheet by Account	45
Schedule of Revenues, Expenditures, and Changes in Fund Balances by Account	46
Educational Account:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	47-53
Operations and Maintenance Account:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	54-55
Major Debt Service Fund:	
Bond and Interest Fund:	
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	56
Major Capital Projects Fund:	
Site and Construction Fund:	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	57
Combining Balance Sheet – Nonmajor Governmental Funds	58
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	59
Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds:	
Special Revenue Funds:	
Transportation Fund:	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	60
Municipal Retirement/Social Security Fund:	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	61-63

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46

June 30, 2006

TABLE OF CONTENTS

	<u>Page(s)</u>
Working Cash Fund:	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	64
Fiduciary Funds – Agency Funds:	
Agency Funds – Activity Funds – Statement of Changes in Assets and Liabilities	65
Statistical Section – Unaudited:	
Schedule of Property Tax Rates, Extensions and Assessed Valuations Last Three Tax Levy Years	66
Operating Cost and Tuition Charge Year Ended June 30, 2006	67



August 30, 2006

Independent Auditors' Report

Board of Education
Grayslake Community Consolidated School District No. 46
Grayslake, Illinois

We have audited the accompanying financial statements of governmental activities, each major fund, and the aggregate remaining fund information of Grayslake Community Consolidated School District No. 46 as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Grayslake Community Consolidated School District No. 46 at June 30, 2006, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2006, on our consideration of the Grayslake Community Consolidated School District No. 46's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control

over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 5 through 15 and 46 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Grayslake Community Consolidated School District No. 46's basic financial statements. The combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Klein, Hall & Associates, LLC

Klein, Hall & Associates, LLC



August 30, 2006

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed
In Accordance with Government Auditing Standards**

Board of Education
Grayslake Community Consolidated School District No. 46
Grayslake, Illinois

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Grayslake Community Consolidated School District No. 46 as of and for the year ended June 30, 2006, which collectively comprise the Grayslake Community Consolidated School District No. 46's basic financial statements and have issued our report thereon dated August 30, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Grayslake Community Consolidated School District No. 46's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As a part of obtaining reasonable assurance about whether Grayslake Community Consolidated School District No. 46's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an

August 30, 2006

objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management and the local Board of Education, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

Klein, Hall & Associates, LLC

Klein, Hall & Associates, LLC

Grayslake Community Consolidated School District No. 46
Management's Discussion and Analysis
For the Year Ended June 30, 2006

The discussion and analysis of Community Consolidated School District 46's (CCSD 46) financial performance provides an overall review of the District's financial activities for the year ended June 30, 2006. The management of the District encourages readers to consider the information presented herein in conjunction with the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

- The District's short-term financial situation continued to improve during FY06. The financial statements are now prepared using the modified accrual basis of accounting.
- Student enrollment remained stable throughout the school year. There were 4,181 students enrolled in June 2006.
- The district's Equalized Assessed Valuation increased 11.37%, but the Property Tax Extension Limitation Law (tax cap) reduced the 2005 levy extension by approximately \$1.9 million or \$0.29 in tax rate.
- Overall revenues were almost \$48.5 million and expenditures were approximately \$35.9 million, (Figure A-4). Program reductions and spending constraints implemented in FY05 were continued in FY06.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the district:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the district's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the district, reporting the district's operations in *more detail* than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short- and long-term* financial information about the activities the district operates *like businesses*, such as food services. District 46 does not utilize this type of fund.
- *Fiduciary funds* statements provide information about the financial relationships in which the district acts solely as a *trustee* or *agent* for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the district's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Graylake Community Consolidated School District No. 46
Management's Discussion and Analysis
For the Year Ended June 30, 2006

Figure A-1
Organization of Community Consolidated School District No. 46 Annual Financial Report

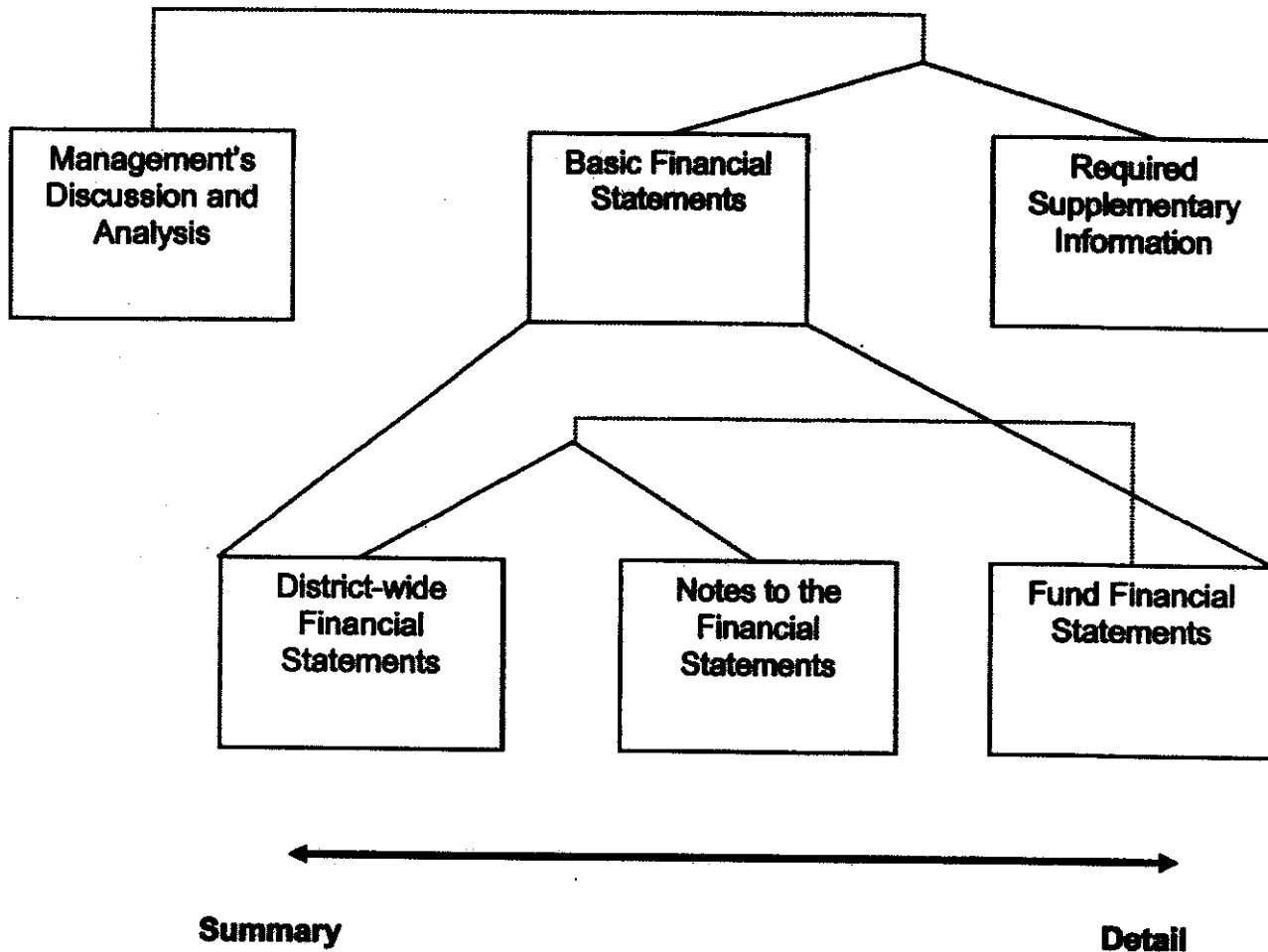


Figure A-2 summarizes the major features of the district's financial statements, including the portion of the district's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Grayslake Community Consolidated School District No. 46
Management's Discussion and Analysis
For the Year Ended June 30, 2006

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short and long term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Grayslake Community Consolidated School District No. 46
Management's Discussion and Analysis
For the Year Ended June 30, 2006

The district-wide statements report information about the district as a whole, using accrual basis accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the district's assets and liabilities.

The two district-wide statements report the district's *net assets* and how they have changed. Net assets - the difference between the district's assets and liabilities - is one way to measure the district's financial health or *position*.

- Over time, increases or decreases in the district's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the district's overall health, one needs to consider additional factors such as changes in the district's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements, the district's activities are all categorized as Governmental activities. All of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the district's funds, focusing on its most significant or "major" funds - not the district as a whole. Funds are accounting devices the district uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The district establishes other funds to control and manage money for particular purposes.

The district has two kinds of funds:

- **Governmental funds:** Most of the district's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the district's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- **Fiduciary funds:** The district is the trustee, or *fiduciary*, for assets that belong to others, such as the student activities funds. The district is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the

Grayslake Community Consolidated School District No. 46
Management's Discussion and Analysis
For the Year Ended June 30, 2006

assets belong. The district excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

Net assets. On June 30, 2006, the district's combined *net assets* were \$40.9 million, mostly in land and buildings. (See Figure A-3).

	<u>Governmental Activities 2006</u>	<u>Governmental Activities 2005</u>
Current and other assets	\$67,248,743	\$29,576,102
Capital assets	\$65,505,179	\$56,853,501
Total assets	\$132,753,922	\$86,429,603
Long-term debt outstanding	\$77,158,066	\$46,116,197
Other liabilities	\$14,691,096	\$12,084,912
Total liabilities	\$91,849,162	\$58,201,109
Net assets:		
Invested in capital assets, net of related debt	\$9,281,228	\$10,737,304
Restricted (developers' contributions)	\$3,192,766	\$2,799,508
Unrestricted	\$28,430,766	\$14,691,682
Total net assets	\$40,904,760	\$28,228,494

Net assets from Operating results. In FY06 the district's direct revenues were \$48.5 million (see Figure A-4). Two major sources accounted for 62% of direct revenues. Property taxes accounted for 47% and Unrestricted Federal and General State Aid accounted for 15% (see Figure A-5.) Additionally, 10% came from state and federal aid for specific programs, and the remaining 28% came from all other sources including construction proceeds and fees charged for services and miscellaneous activities.

Grayslake Community Consolidated School District No. 46
Management's Discussion and Analysis
For the Year Ended June 30, 2006

The total direct expenses were \$35.9 million (see figure A-4). Approximately 62% of the district's FY05 expenses were directly related to instructing (49%), caring for (8%), and transporting students (6%). (See Figure A-6.)

	2006	2005
Revenues:		
Program revenues:		
Charges for services	\$1,181,537	\$1,316,423
Federal & State Operating grants & contributions	\$4,887,114	\$5,423,616
Construction Bond proceeds and Capital Grants	\$393,258	\$936,775
General revenues:		
Property taxes	\$22,698,481	\$20,409,319
Unrestricted Federal & State Aid Formula	\$7,404,727	\$7,439,368
Other	\$11,988,645	\$424,578
Total revenues	\$48,553,762	\$35,950,079
Expenses:		
Instruction	\$17,484,384	\$15,823,064
Student support services	\$2,919,633	\$2,652,575
Staff support services	\$1,844,809	\$1,656,932
Administration & business	\$3,182,484	\$3,547,557
Operations and maintenance	\$2,603,294	\$2,338,861
Transportation	\$2,224,430	\$2,275,213
Debt Service	\$2,373,627	\$2,741,483
Site & Construction (depreciation)	\$2,176,423	\$2,113,084
Other	\$1,068,412	\$38,749
Total expenses	\$35,877,496	\$33,187,518
Changes in Assets from Operating Results	\$12,676,266	\$2,762,561

Grayslake Community Consolidated School District No. 46
Management's Discussion and Analysis
For the Year Ended June 30, 2006

Figure A-5: Sources of Revenue for FY 06

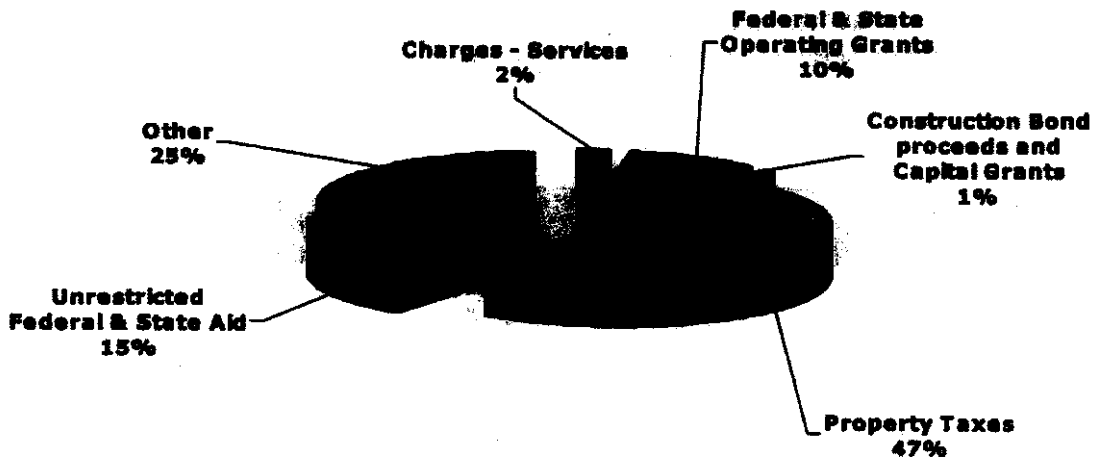
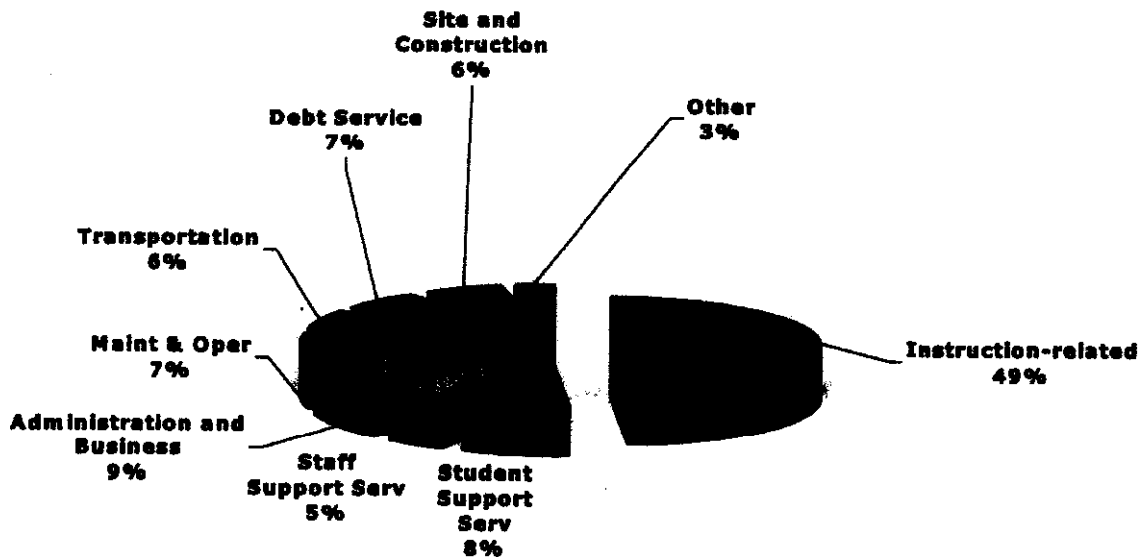


Figure A-6: Expenses for FY 06



Grayslake Community Consolidated School District No. 46
Management's Discussion and Analysis
For the Year Ended June 30, 2006

Governmental Activities

Figure A-7 The cost of nine major district activities: instruction, student support services, staff support services, administration & business, operations & maintenance, transportation, debt service, site & construction, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the district's taxpayers by each of these functions.

		Total Cost of Services 2006	Net Costs of Services 2006
Costs:			
Instruction-related		\$17,484,384	\$13,656,911
Student support services		\$2,919,633	\$2,919,633
Staff support services		\$1,844,809	\$1,627,248
Administration & business		\$3,182,484	\$2,061,371
Operations & maintenance		\$2,603,294	\$2,518,592
Transportation		\$2,224,430	\$1,013,370
Debt service		\$2,373,627	\$2,373,627
Site & construction		\$2,176,423	\$2,176,423
Other		\$1,068,412	\$1,068,412
Total Costs		\$35,877,496	\$29,415,587

- The cost of all governmental activities this year was almost \$35.9 million.
- Some of the cost (\$1,181,537) was financed by the users of the district's programs.
- The federal and state governments subsidized certain programs with grants and contributions totaling \$5.3 million.
- The balance and majority of the district's costs were financed by district taxpayers via property taxes and other local revenues.

Financial Analysis of the District's Funds

The November 2004 referendum provided a mixed message from the taxpayers. Approval was granted to sell bonds and build additional school facilities. A second part of the referendum requesting an increase in the Educational Fund tax rate was defeated, forcing the Board of Education to maintain the program reductions implemented at the beginning of the year. Combined fund balances at the end of FY05 were approximately \$17.5 million of which \$10.2 million could be used for operating expenses.

Grayslake Community Consolidated School District No. 46
Management's Discussion and Analysis
For the Year Ended June 30, 2006

General Fund Budgetary Highlights

- Combined revenues were \$1,840,684 higher than budgeted, due to:
 - Accrual basis adjustments increased year-end real estate tax and state claim receivables.
 - Receipt of more in developer donations than budgeted.
- Expenditures were 1,860,598 lower than budgeted.
 - Program and staff reductions
 - Reductions in capital expenditures
 - Contingency provision was not used

Capital Asset and Debt Administration

Capital Assets

Figure A-8 reflects all deeded District properties.

	<u>2006</u>	<u>2005</u>
Land	\$2,236,069	\$2,246,069
Construction in Progress	\$11,407,712	-
Improvements (other than buildings)	\$3,722,231	\$3,945,484
Buildings and Improvements	\$45,106,326	\$46,962,153
Machinery & Equipment	\$3,032,841	\$3,699,795
Total	<u>\$65,505,179</u>	<u>\$56,853,501</u>

Grayslake Community Consolidated School District No. 46
Management's Discussion and Analysis
For the Year Ended June 30, 2006

Long-Term Debt

At year-end, the district had \$66.3 million in general obligation bonds and other long-term debt outstanding as shown in Figure A-9.

	<u>2006</u>	<u>2005</u>
General Obligation Bonds	\$66,147,643	\$22,774,384
Operations & Maintenance		
Alt. Rev. Bonds	-	\$120,000
Other Long-Term Debt	185,555	\$336,077
Total	<u>\$66,333,198</u>	<u>\$23,230,461</u>

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the district was aware of three existing circumstances that will significantly affect its financial health in the future:

- Enrollments are expected to exceed our housing capacity within the next one to four years.
 - The district has started construction of a new K-8 building for completion in 2007.
- Although program and staffing reductions/eliminations implemented over the past few years have improved the District's finances for FY05 and allowed for a balanced FY06 budget, the Board may need to take additional actions to balance the FY07 budget.
- The District continues to encourage increased commercial growth within its boundaries, and legislative efforts to revise the School Funding Formula. The purpose of both initiatives is to reduce the burden on local taxpayer while insuring sufficient revenues for Education.

**Grayslake Community Consolidated School District No. 46
Management's Discussion and Analysis
For the Year Ended June 30, 2006**

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the district's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Community Consolidated School District 46, 565 Frederick Rd, Grayslake, IL 60030.

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46
STATEMENT OF NET ASSETS
JUNE 30, 2006

	<u>Governmental Activities</u>
Assets:	
Cash and investments	\$ 52,284,663
Receivables:	
Property taxes	12,260,806
Due from other governments	2,700,445
Other	2,829
Capital assets:	
Land	2,236,069
Construction in process	11,407,712
Other capital assets, net of depreciation	<u>51,861,398</u>
Total Assets	<u>132,753,922</u>
Liabilities:	
Accounts payable	1,089,832
Accrued salaries and related expenditures	1,340,458
Deferred revenue	12,260,806
Noncurrent liabilities:	
Due within one year	880,279
Due in more than one year	<u>76,277,787</u>
	<u>91,849,162</u>
Net Assets:	
Invested in capital assets, net of related debt	9,281,228
Restricted	3,192,766
Unrestricted	<u>28,430,766</u>
Total net assets	<u>\$ 40,904,760</u>

See accompanying notes to basic financial statements

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2006

<u>Functions</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Net Assets</u>
					<u>Total</u>
					<u>Governmental</u>
					<u>Activities</u>
Governmental Activities:					
Instructional services:					
Regular programs	\$ 11,872,689	\$ 612,938	\$ 1,750,856	\$ -	\$ (9,508,895)
Special programs	5,010,724	-	1,463,679	-	(3,547,045)
Tuition, learning disabilities	600,971	-	-	-	(600,971)
Support services:					
Pupils	2,919,633	-	-	-	(2,919,633)
Instructional staff	1,844,809	-	217,561	-	(1,627,248)
General administration	549,565	-	-	-	(549,565)
School administration	1,459,621	-	-	-	(1,459,621)
Business	1,173,298	483,897	243,958	393,258	(52,185)
Operation and maintenance					
of facilities	2,603,294	84,702	-	-	(2,518,592)
Transportation	2,224,430	-	1,211,060	-	(1,013,370)
Other	1,068,412	-	-	-	(1,068,412)
Interest on long-term liabilities	2,373,627	-	-	-	(2,373,627)
Depreciation - unallocated	2,176,423	-	-	-	(2,176,423)
Total school district	\$ 35,877,496	\$ 1,181,537	\$ 4,887,114	\$ 393,258	(29,415,587)
General revenues:					
Property taxes levied for:					
General purposes					18,110,454
Transportation					742,713
Retirement					426,398
Debt service					3,418,916
Federal and state aid not restricted to specific purposes					7,404,727
Earnings on investments					1,147,085
Miscellaneous					1,224,118
Extraordinary item-gain on adjustment of accretion					9,617,442
Total general revenues					42,091,853
Change in net assets					12,676,266
Net assets - beginning					28,228,494
Net assets - ending					\$ 40,904,760

See accompanying notes to basic financial statements

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

	<u>General</u>	<u>Debt Service</u>	<u>Site and Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
Assets:					
Cash and investments	\$ 14,561,622	\$ 1,744,502	\$33,350,291	\$ 2,628,248	\$ 52,284,663
Receivables:					
Property taxes	9,440,839	1,996,485	-	823,482	12,260,806
Due from other governments	1,493,383	-	-	1,207,062	2,700,445
Other	2,829	-	-	-	2,829
TOTAL ASSETS	\$ 25,498,673	\$ 3,740,987	\$33,350,291	\$ 4,658,792	\$ 67,248,743
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ 81,368	\$ -	\$ 1,008,464	\$ -	\$ 1,089,832
Accrued salaries and related expenditures	1,305,294	-	-	35,164	1,340,458
Deferred revenue	9,440,839	1,996,485	-	823,482	12,260,806
Total Liabilities	10,827,501	1,996,485	1,008,464	858,646	14,691,096
Fund Balances:					
Unreserved - undesignated	11,478,406	1,744,502	32,341,827	3,800,146	49,364,881
Reserved - designated	3,192,766	-	-	-	3,192,766
Total Fund Balances	14,671,172	1,744,502	32,341,827	3,800,146	52,557,647
TOTAL LIABILITIES AND FUND BALANCES	\$ 25,498,673	\$ 3,740,987	\$33,350,291	\$ 4,658,792	\$ 67,248,743

See accompanying notes to basic financial statements

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2006

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balances - governmental funds		\$ 52,557,647
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. The cost of the assets is \$84,408,272 and the accumulated depreciation is \$18,903,093.		65,505,179
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities at year-end consist of:		
	Bonds and notes payable	(78,586,073)
	Premium on bonds payable	(1,015,419)
	Deferred loss on refunding	2,443,426
		<u>(77,158,066)</u>
Net assets of governmental activities		<u>\$ 40,904,760</u>

See accompanying notes to basic financial statements

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006

	<u>General</u>	<u>Debt Service</u>	<u>Site and Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Local sources	\$ 19,921,081	\$ 3,455,722	\$ 176,088	\$ 1,999,690	\$ 25,552,581
State sources	9,696,615	-	-	1,681,060	11,377,675
Federal sources	914,166	-	-	-	914,166
Total Revenues	<u>30,531,862</u>	<u>3,455,722</u>	<u>176,088</u>	<u>3,680,750</u>	<u>37,844,422</u>
EXPENDITURES					
Current operating:					
Instruction	16,459,996	-	-	423,417	16,883,413
Supporting services	10,124,866	-	1,014,275	2,703,921	13,843,062
Non-programmed charges	600,971	-	-	-	600,971
Debt service:					
Principal	270,522	1,879,842	-	-	2,150,364
Interest	27,148	2,376,157	-	-	2,403,305
Service charges	-	3,020	-	-	3,020
Capital outlay	166,389	-	11,407,712	-	11,574,101
Total Expenditures	<u>27,649,892</u>	<u>4,259,019</u>	<u>12,421,987</u>	<u>3,127,338</u>	<u>47,458,236</u>
Excess (deficiency) of revenues over expenditures	<u>2,881,970</u>	<u>(803,297)</u>	<u>(12,245,899)</u>	<u>553,412</u>	<u>(9,613,814)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from bond sale	-	5,873,717	41,106,283	-	46,980,000
Premiums on bonds sold	-	-	1,066,190	-	1,066,190
Accrued interest on bonds sold	-	104,098	-	-	104,098
Deposit into escrow for bond refunding	-	(5,307,915)	-	-	(5,307,915)
Transfers in	-	-	-	-	-
Transfers out	(285,883)	(36,806)	(176,088)	504,674	504,674
Sale of fixed asset	1,837,898	-	-	(5,897)	(504,674)
	<u>1,837,898</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,837,898</u>
Total other financing sources (uses)	<u>1,552,015</u>	<u>633,094</u>	<u>41,996,385</u>	<u>498,777</u>	<u>44,680,271</u>
Net change in fund balances	4,433,985	(170,203)	29,750,486	1,052,189	35,066,457
Fund Balances at beginning of year	<u>10,237,187</u>	<u>1,914,705</u>	<u>2,591,341</u>	<u>2,747,957</u>	<u>17,491,190</u>
FUND BALANCES AT END OF YEAR	<u>\$ 14,671,172</u>	<u>\$ 1,744,502</u>	<u>\$32,341,827</u>	<u>\$ 3,800,146</u>	<u>\$ 52,557,647</u>

See accompanying notes to basic financial statements

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2006

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds **\$ 35,066,457**

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$1,000 are capitalized and the cost is allocated over their estimated lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 11,574,101	
Depreciation expense	<u>(2,176,423)</u>	9,397,678

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These activities consist of:

Accretion on bonds - adjustment	9,617,442
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The proceeds from the sale of capital assets are reported as revenue in the governmental funds. However, the cost of the capital assets are removed from the capital asset account in the statement of net assets and offset against the proceeds from the sale of capital assets resulting in a loss on the sale of capital assets in the statement of activities.

Proceeds from sale of capital assets	\$ (1,837,898)	
Gain on disposal of capital assets	<u>1,091,898</u>	(746,000)

The governmental funds record bond and loan proceeds as other financing sources, while repayment of bond and loan principal is reported as an expenditure. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of bonds and loans and related items is as follows:

Repayment of bond and loan principal	2,150,364
Deposit into escrow for bond refunding	5,307,915
Amortization of premium on bond issue	50,771
Amortization of deferred loss on refunding	(122,171)
Bond and loan proceeds	<u>(48,046,190)</u>

Change in net assets of governmental activities	<u>\$ 12,676,266</u>
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GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS - ACTIVITY FUNDS
YEAR ENDED JUNE 30, 2006

Assets:

Cash

\$ 124,078

Liabilities:

Due to organizations

\$ 124,078

See accompanying notes to basic financial statements

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46

Notes To Financial Statements

June 30, 2006

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Grayslake Community Consolidated School District No. 46 (the "District") is governed by the District's Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the significant accounting policies, consistently applied in the preparation of the accompanying financial statements is described below.

In June 1999 the GASB unanimously approved Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

The financial statements include;

- A Management's Discussion and Analysis (MD&A) providing an analysis of the District's overall financial position and results of operations.
- Financial statements prepared using the full-accrual basis of accounting for all the District's activities.
- A change in the fund financial statements to focus on major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements as of June 30, 2006.)

a. The Reporting Entity

The District includes all funds of its governmental operations that are controlled by or dependent upon the District as determined on a basis of financial accountability. Financial accountability includes appointment of the organization's governing body, imposition of will, and fiscal dependency. The accompanying financial statements include only those funds and account groups of the District as there are no other organizations for which it has financial accountability.

Joint Venture – the District is also a member of the following organizations:

- Special Education District of Lake County (See Note 11)

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46

Notes To Financial Statements (Continued)

June 30, 2006

b. Basis of Presentation

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. All of the District's operating activities are considered "governmental activities", that is, activities that are normally supported by taxes and intergovernmental revenues. The District has no operating activities that would be considered "business activities".

The statement of activities demonstrates the degree to which the direct expense of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The accounts of the District in the governmental fund financial statements are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, reserves, fund balance, revenue and expenditures. Fund accounting segregates funds according to their intended purpose, and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the current financial resources

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46

Notes To Financial Statements (Continued)

June 30, 2006

measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities in the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as a revenue of the current period. All other revenue items are considered to be measurable and available only when the District receives the cash.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund. The General Fund consists of the Educational Account and Operations and Maintenance Account that are legally mandated by the State of Illinois.

The Debt Service Fund (Bond and Interest Fund) accounts for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs.

The Site and Construction Fund (a capital projects fund) accounts for financial resources to be used for the acquisition or construction of major capital facilities.

Additionally, the District reports the following fund types:

The Student Activities Agency Fund (a fiduciary fund) accounts for assets held on behalf of student groups.

Private-sector standards of accounting, and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Revenues – Exchange and nonexchange transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46

Notes To Financial Statements (Continued)

June 30, 2006

basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements that specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes, interest, grants, entitlements and student fees.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Property taxes for which there is an enforceable legal claim as of June 30, 2006, but which were levied to finance year 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

Expenses / Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocation of costs, such as depreciation and amortization are not recognized in governmental funds.

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46
Notes To Financial Statements (Continued)
June 30, 2006

c. Budgetary Data

Annual budgets for all Governmental Funds are adopted on the modified accrual basis, consistent with generally accepted accounting principles (GAAP) for local governments.

The Board of Education follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted and the proposed budget is available for inspection to obtain taxpayer comments.
3. Prior to October 1 the budget is legally adopted through passage of a resolution. On or before the last Tuesday in December, a tax levy ordinance is filed with the County Clerk to obtain tax revenues.
4. The Superintendent is authorized to transfer up to 10% of the total budget between departments within any fund without Board of Education approval; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education following the public hearing process mandated by law. The budget which was not amended was adopted on September 19, 2005.
5. Formal budgetary integration is employed as a management control device during the year for all Governmental Funds.
6. The District has adopted a legal budget for all its Governmental Funds. The legal level of budgetary control is at the individual fund level, therefore, actual expenditures for the governmental funds may not legally exceed the total budgeted for such funds. However, under the State Budget Act expenditures may exceed the budget if additional resources are available to finance such expenditures.
7. The budget (all appropriations) lapses at the end of each fiscal year.
8. The District's actual expenditures in the Bond and Interest Fund and the Municipal Retirement/Social Security Fund exceeded budgeted expenditures. Additional sources were available to finance these excess expenditures as allowed under the State Budget Act. See Note 7 for these excess expenditure amounts.

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46

Notes To Financial Statements (Continued)

June 30, 2006

d. Deposits and Investments

Investments held by the District which are short-term highly liquid investments having a remaining maturity of one year or less at the time of purchase are reported by the District at amortized cost. All other investments are reported at fair value. Investments are placed according to guidelines provided by the Illinois Compiled Statutes.

Under Illinois law, the District is restricted to investing funds in specific types of investment instruments. The following generally represents the types of instruments allowable by state law:

- Securities issued or guaranteed by the United States.
- Interest-bearing accounts of financial institutions insured by the Federal Deposit Insurance Corporation.
- Short-term obligations (less than 180 days) of U.S. corporations with assets over \$500,000,000 rated in the three highest classifications by at least two rating agencies.
- Insured accounts of an Illinois credit union chartered under United States or Illinois law.
- Money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same types of obligations.
- Illinois Funds. (A state sponsored investment pool.)
- Repurchase agreements which meet instrument transactions requirements of Illinois law.

e. Capital Assets

Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$1,000 for furniture, equipment, buildings and improvements and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46

Notes To Financial Statements (Continued)

June 30, 2006

Buildings, improvements and furniture and equipment of the District are depreciated using the straight-line method over the following estimated lives:

<u>Assets</u>	<u>Years</u>
Buildings and building improvements	40-50 years
Land improvements	20 years
Furniture, equipment and vehicles	3-10 years

f. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

g. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a restricted purpose. Designations of fund balance represent tentative plans for future use of financial resources that are subject to change.

h. Property Taxes

The District must file its tax levy ordinance by the last Tuesday in December of each year. The District's property tax is levied each year on all taxable real property located in the District. The owner of real property on January 1 (the lien date) in any year is liable for taxes of that year.

The Lake County Assessor is responsible for the assessment of all taxable real property within Lake County except for certain railroad property which is assessed directly by the State.

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46

Notes To Financial Statements (Continued)

June 30, 2006

Property taxes are collected by the Lake County Treasurer who remits to the units their respective shares of the collections. Taxes levied in one year become due and payable in two installments on June 1 and September 1 during the following year. Substantial collections are received by the District in June and September. For governmental funds, property tax revenue is recognized to the extent of taxes due and collected within the current year or expected to be collected within 60 days of year end to be used to pay liabilities of the current period.

i. Personal Property Replacement Taxes

Personal property replacement tax revenues are first allocated to the extent required by Illinois law in the Municipal Retirement/Social Security Fund with the balance allocated to funds at the discretion of the District.

j. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the Governmental Funds. All encumbrances are canceled at year end, and, if necessary, are reinstated at the beginning of the subsequent fiscal year.

k. Vacation and Sick Leave

Employee vacation and sick leave, including salary related payments, is recorded when it is paid. Accumulated unpaid employee vacation and sick leave which was earned prior to the current fiscal year but unused at the end of the current fiscal year is not significant. Vacation and sick leave will be paid with future tax collections and therefore has not been reported as a current liability of the governmental funds.

l. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46
Notes To Financial Statements (Continued)
June 30, 2006

NOTE 2. CASH AND INVESTMENTS

Custodial Credit Risk – Deposits

At June 30, 2006 the carrying amount of the District's deposits (excluding cash on hand of \$1,050), which included both cash and certificates of deposit, totaled \$24,714,160 and the bank balances totaled \$25,336,756. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. These amounts were entirely insured or collateralized.

Investments

As of June 30, 2006 the District had the following investments and maturities:

<i>Investment Type</i>	<i>Fair Value</i>	<i>Maturities (in years) Less than 1</i>	<i>Maturities (in years) 1 to 5</i>	<i>% of Portfolio</i>	<i>Applicable Agency Rating</i>
Commercial Paper:					
G E Capital Corp.	\$12,268,000	\$12,268,000	\$ -	44.30%	A-1+
Government Obligations:					
Federal Home Loan Mortgage Corporation Note	2,786,538	1,640,125	1,146,413	10.05	AAA
Federal Home Loan Mortgage Corporation Discount Note	5,792,976	5,792,976	-	20.92	A-1+
Federal National Mortgage Association Discount Note	1,829,996	1,829,996	-	6.61	A-1+
Federal Home Loan Bank Note	2,344,639	1,692,340	652,299	8.47	AAA
Other Investments:					
Illinois School District Liquid Asset Fund	<u>2,671,382</u>	<u>2,671,382</u>	<u>-</u>	<u>9.65</u>	AAAm
Total	<u>\$27,693,531</u>	<u>\$25,894,819</u>	<u>\$1,798,712</u>	<u>100.00%</u>	

Interest Rate Risk. The district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The District's investments are rated as shown above by the applicable rating agency.

Concentration of Credit Risk. The district places no limit on the amount the District may invest in any one issuer. More than 5 percent of the District's investments are concentrated in specific individual investments. The above table indicated the percentage of each investment to the total investments of the District.

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46**Notes To Financial Statements (Continued)****June 30, 2006**

The Illinois School District Liquid Asset Fund is an investment pool. The value of the position in this SBC registered investment pool is the same as the value of the pool shares.

NOTE 3. GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Capital assets, not being depreciated:				
Land	\$2,246,069	\$ -	\$ 10,000	\$2,236,069
Construction in Process	-	11,407,712	-	11,407,712
Total capital assets not being depreciated	2,246,069	11,407,712	10,000	13,643,781
Capital assets, being depreciated:				
Land Improvements	4,610,789		-	4,610,789
Buildings and Improvements	57,191,374	-	1,200,000	55,991,374
Equipment	9,925,476	166,389	-	10,091,865
Transportation Equipment	70,463	-	-	70,463
Total capital assets being depreciated	71,798,102	166,389	1,200,000	70,764,491
Accumulated depreciation for:				
Land Improvements	665,305	223,253	-	888,558
Buildings and Improvements	10,229,221	1,119,827	464,000	10,885,048
Equipment	6,253,865	819,250	-	7,073,115
Transportation Equipment	42,279	14,093	-	56,372
Total accumulated depreciation	17,190,670	2,176,423	464,000	18,903,093
Total capital assets being depreciated, net	54,607,432	(2,010,034)	736,000	51,861,398
Total capital assets, net	\$ 56,853,501	\$ 9,397,678	\$ 746,000	\$ 65,505,179

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46
Notes To Financial Statements (Continued)
June 30, 2006

NOTE 4. GENERAL LONG-TERM DEBT

The following is a summary of the components of long-term debt and related transactions of the District for the year ended June 30, 2006:

	Balance July 1, 2005	Additions	Reductions	Balance June 30, 2006	Amount Due in 1 Year
General Obligation Bonds Payable:					
Issue of 1994 Bonds	\$ 240,000	-	\$ 240,000	\$ -	\$ -
Issue of 1995 Bonds	2,011,930	-	1,648,843	363,087	363,087
Issue of 1996 Bonds	2,656,805	-	1,065,777	1,591,028	-
Issue of 1999 Bonds	5,749,894	-	1,205,599	4,544,295	-
Issue of 2000 Bonds	4,618,104	-	343,084	4,275,020	328,601
Issue of 2001 Bonds	3,999,955	-	-	3,999,955	-
Issue of 2002 Bonds	3,497,696	-	118,857	3,378,839	-
Issue of 2005 Bonds	-	46,980,000	-	46,980,000	-
Total General Obligation Bonds	22,774,384	46,980,000	4,622,160	65,132,224	691,688
Accretion of Interest on Capital Appreciation Bonds	22,885,736	2,817,706	12,435,148	13,268,294	-
Total General Obligation Bonds & Accreted Interest	45,660,120	49,797,706	17,057,308	78,400,518	691,688
Premium on Bond Issue	-	1,066,190	50,771	1,015,419	50,771
Capital Lease Obligations	336,077	-	150,522	185,555	137,820
Alternate Revenue Bonds	120,000	-	120,000	-	-
Total Long-Term Debt	\$46,116,197	\$50,863,896	\$17,378,601	\$79,601,492	\$880,279

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46
Notes To Financial Statements (Continued)
June 30, 2006

Long-Term Debt at June 30, 2006 is comprised of the following:

General Obligation Bonds Payable

Bonds dated June 28, 1995 were issued in the amount of \$2,499,979. Principal payments are due January 1, with the final payment in the fiscal year ending June 30, 2007. Interest payments are due on January 1 of each year through the fiscal year ending June 30, 2007.

Bonds dated June 1, 1996 were issued in the amount of \$4,686,805. Principal payments are due January 1, with the final payment in the fiscal year ending 2009. Interest payments are due on January 1 of each year through the fiscal year ending June 30, 2009.

Bonds dated September 21, 1999 were issued in the amount of \$5,749,894. Principal payments are due December 1, with the final payment in the fiscal year ending June 30, 2013. Interest payments are due December 1 through the fiscal year ending June 30, 2013.

Bonds dated July 1, 2000 were issued in the amount of \$9,449,899. Principal payments are due December 1, with the final payment in the fiscal year ending 2019. Interest payments are due December 1 through the fiscal year ending June 30, 2019.

Bonds dated August 29, 2001 were issued in the amount of \$3,999,955. Principal payments are due January 1, with the final payment in the fiscal year ending June 30, 2021. Interest payments are due January 1 through the fiscal year ending June 30, 2021.

Bonds dated August 1, 2002 were issued in the amount of \$3,497,696. Principal payments are due January 1, with the final payment in the fiscal year ending June 30, 2022. Interest payments are due January 1 through the fiscal year ending June 30, 2022.

Bonds dated November 1, 2005 were issued in the amount of \$46,980,000. Principal payments are due November 1, with the final payment in the fiscal year ending June 30, 2026. Interest payments are due May 1 and November 1 through fiscal year ending June 30, 2026.

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46**Notes To Financial Statements (Continued)****June 30, 2006**

At June 30, 2006 the annual cash flow requirements of all general obligation bonds to retirement were as follows:

Year Ending June 30,	Principal	Interest	Total
2007	\$ 691,688	\$ 2,935,518	\$ 3,627,206
2008	980,163	3,257,043	4,237,206
2009	1,109,202	3,553,004	4,662,206
2010	1,177,710	3,949,496	5,127,206
2011	1,265,742	4,376,464	5,642,206
2012	1,256,948	4,665,258	5,922,206
2013	1,251,630	4,965,576	6,217,206
2014	1,382,007	5,150,199	6,532,206
2015	1,371,920	5,485,286	6,857,206
2016	1,355,819	5,841,387	7,197,206
2017	1,425,290	6,134,216	7,559,506
2018	1,508,394	6,427,787	7,936,181
2019	1,608,919	6,727,503	8,336,422
2020	1,767,733	6,986,720	8,754,453
2021	1,892,387	7,297,013	9,189,400
2022	6,921,672	2,726,260	9,647,932
2023	8,435,000	1,697,807	10,132,807
2024	9,385,000	1,252,307	10,637,307
2025	10,420,000	750,669	11,170,669
2026	9,925,000	241,828	10,166,828
	<u>\$ 65,132,224</u>	<u>\$ 84,421,341</u>	<u>\$ 149,553,565</u>

The District is subject to the Illinois Compiled Statutes which limits the amount of bond indebtedness, including the installment contracts, to 15% of the most recent available equalized assessed valuation of the District. As of June 30, 2006, the statutory debt limit for the District was \$98,541,134 providing a debt margin of \$35,153,412 after taking into account amounts available in the Debt Service Fund.

Defeased General Obligation Capital Appreciation Bonds Outstanding

The District has issued bonds in order to defease existing outstanding bond issues. Although the District remains liable for the principal and interest of these bonds, these bonds are no longer included in the bonded indebtedness of the District, a bond counsel has actuarially determined that the defeasance escrow will provide these payments. At June 30, 2006 \$4,802,317 of bonds outstanding are considered defeased.

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46

Notes To Financial Statements (Continued)

June 30, 2006

Alternate Revenue Bonds

In July, 2000, the District School Board of Education passed an ordinance providing for the issuance of \$900,000 General Obligation School Bonds (Alternate Revenue Source). The proceeds of this issue have been recorded in the Operations and Maintenance Fund, and are being used to construct and improve the District's Middle School.

The Debt Service requirements of this Issue have been paid from the General Fund of the District and are not included in the District's debt limits. This debt was fully paid off in 2006.

Capital Leases

The District had previously entered into lease agreements as lessee for financing the acquisition of mobile classrooms and electronic and computer equipment. These agreements qualify as capital leases for accounting purposes and, therefore, the assets and obligations have been recorded at the present value of the future minimum lease payments as of the inception date. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2006, are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2007	\$ 144,981
2008	39,600
2009	<u>9,900</u>
Total minimum lease payments	194,481
Less: amount representing interest	<u>(8,926)</u>
Present value of minimum lease payments	<u>\$ 185,555</u>

NOTE 5. RETIREMENT FUND COMMITMENTS

Retirement Plans

The District participates in two retirement systems: The Teachers' Retirement System of the State of Illinois (TRS) and the Illinois Municipal Retirement Fund (IMRF). Members of TRS consist of all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. Employees, other than teachers, who meet prescribed annual hourly standards are members of IMRF.

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46
Notes To Financial Statements (Continued)
June 30, 2006

Illinois Teachers' Retirement System:

The District participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago.

The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the governor's approval. The State of Illinois maintains primary responsibility for the funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the System's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2006, was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer.

In addition, virtually all employers and members pay a contribution to the Teachers' Health Insurance Security (THIS) Fund, a separate fund in the State Treasury that is not a part of this retirement plan. The employer THIS contribution was 0.60 percent during the year ended June 30, 2006 and the member THIS Fund health insurance contribution was 0.80 percent.

The District's payroll reported to TRS for the year ended June 30, 2006 was \$16,411,256.

The State of Illinois makes contributions directly to TRS on behalf of the District's TRS-covered employees.

On-behalf contributions. The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2006, State of Illinois contributions were based on 7.06 percent of creditable earnings, and the District recognized revenue and expenditures of \$1,158,635 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2005, and June 30, 2004, the State of Illinois contribution rates as percentages of creditable earnings were 11.76 percent (\$1,699,317) and 13.98 percent (\$2,003,276), respectively.

The District makes other types of employer contributions directly to TRS.

2.2 Formula Contributions. Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. Contributions for the year ended June 30, 2006 were \$ 95,185.

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46

Notes To Financial Statements (Continued)

June 30, 2006

Contributions for the years ending June 30, 2005, and June 30, 2004, were \$83,810 and \$83,112, respectively.

Federal and trust fund contributions. When TRS members are paid from federal and trust funds administered by the district, there is a statutory requirement for the district to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and trust funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 2006, the employer pension contribution was 7.06 percent of salaries paid from federal and trust funds. For the two years ended June 30, 2005, the employer pension contribution was 10.5 percent of salaries paid from those funds. For the year ended June 30, 2006, salaries totaling \$172,319 were paid from federal and trust funds that required employer contributions of \$12,166. For the years ended June 30, 2005 and June 30, 2004, required district contributions were \$23,036 and \$18,231, respectively.

Early Retirement Option (ERO). The district is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member and under which ERO program the member retires.

Under Public Act 94-0004, a "Pipeline ERO" program is provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they meet certain conditions and retire on or before July 1, 2007. If members do not meet these conditions, they can retire under "Modified ERO" program which requires higher member and employer contributions to TRS. Also, under Modified ERO, Public Act 94-0004 eliminates the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service (unless the member qualifies for the Pipeline ERO).

Under the ERO program that expired on June 30, 2005 and the Pipeline ERO, the maximum employer contribution is 100 percent of the member's highest salary used in the final average salary calculation. Under the Modified ERO, the maximum employer contribution is 117.5 percent. Both the 100 percent and 117.5 percent maximums apply when the member is age 55 at retirement.

For the year ended June 30, 2006, the district paid \$560 to TRS for employer contributions under the Pipeline ERO and Modified ERO programs. For the years ended June 30, 2005 and June 30, 2004, the district paid \$34,520 and \$0, respectively in employer ERO contributions.

TRS financial information, an explanation of TRS' benefits, and descriptions of member,

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46

Notes To Financial Statements (Continued)

June 30, 2006

employer and state funding requirements can be found in the *TRS Comprehensive Annual Financial Report* for the year ended June 30, 2005. The report for the year ended June 30, 2006, is expected to be available in late 2006. The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, IL 62794-9253. The most current report is also available on the TRS Web site at www.trs.illinois.gov.

Illinois Municipal Retirement Fund:

The School District contributes to the Illinois Municipal Retirement Fund (IMRF), a defined benefit pension plan which provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. IMRF is an agent multiple employer pension plan that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by state statute. The District is required to contribute at an actuarially determined rate. The District's rate for calendar year 2005 was 9.58 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2005 was 27 years.

For December 31, 2005, the District's annual pension cost of \$352,282 was equal to the District's required and actual contributions. The required contribution was determined as part of the December 31, 2003 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15% corridor. The assumptions used for the 2005 actuarial valuation were based on the 2002-2004 experience study.

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46

Notes To Financial Statements (Continued)

June 30, 2006

TREND INFORMATION

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2005	\$352,282	100%	\$0
12/31/2004	350,674	100	0
12/31/2003	350,855	100	0
12/31/2002	314,869	100	0
12/31/2001	251,782	100	0
12/31/2000	196,195	100	0
12/31/1999	165,469	100	0
12/31/1998	133,697	100	0
12/31/1997	109,015	100	0
12/31/1996	81,385	100	0

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) — Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/2005	\$4,613,376	\$5,235,666	\$622,290	88.11%	\$3,677,265	16.92%
12/31/2004	4,455,759	5,063,790	608,031	87.99	3,633,927	16.73
12/31/2003	3,901,935	4,607,108	705,173	84.69	3,821,949	18.45
12/31/2002	3,217,717	4,044,685	826,968	79.55	3,582,126	23.09
12/31/2001	2,824,469	3,173,876	349,407	88.99	2,941,379	11.88
12/31/2000	2,448,374	2,555,631	107,257	95.80	2,372,373	4.52
12/31/1999	1,937,643	2,018,435	80,792	96.00	1,967,532	4.11
12/31/1998	1,521,437	1,582,034	60,597	96.17	1,536,748	3.94
12/31/1997	1,162,339	1,234,164	71,825	94.18	1,355,135	5.30
12/31/1996	871,359	949,001	77,642	91.82	915,462	8.48

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46

Notes To Financial Statements (Continued)

June 30, 2006

On a market value basis, the actuarial value of assets as of December 31, 2005 is \$4,660,443. On a market basis, the funded ratio would be 89.01%.

Direct of Changes

Assumptions

The actuarial assumptions used to determine the actuarial accrued liability for 2005 are based on the 2002-2004 Experience Study.

The principal changes were:

- The 1994 Group Annuity Mortality implemented.
- For Regular members, fewer normal and more early retirements are expected to occur.

NOTE 6. SPECIAL TAX LEVIES AND RESTRICTED EQUITY

Revenue and the related expenditures of the Tort Immunity tax levy are accounted for in the General Fund's Educational Account. At June 30, 2006 cumulative expenditures have exceeded cumulative revenues. Tort expenditures consisted of Worker's Compensation Insurance costs of \$101,237 and other insurance costs of \$38,559.

Proceeds from Special Education levy and related expenditures disbursed have been included in the operations of the General Fund's Educational Account. At June 30, 2006, the cumulative expenditures disbursed had exceeded related cumulative revenues received.

Operations and Maintenance Portion -- The District has received donations from various land developers' ordinances of subdivisions within its' boundaries. These ordinances state that the amounts donated be expended on projects for the school facilities serving that specific area. At June 30, 2006, there remains \$3,192,766 of funds restricted for these purposes.

NOTE 7. EXCESS OF EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

Expenditures exceeded the budgeted amount in the following Fund:

	Budget	Actual	Excess
Bond and Interest Fund	\$2,869,145	\$4,259,019	\$1,389,874
Municipal Retirement/Social Security	\$ 844,082	\$ 902,908	\$ 58,826

The expenditure variances were sufficiently absorbed by surpluses that existed at the beginning of the fiscal year and were approved by the Board of Education. As indicated in Note 1 c, under the State Budget Act expenditures may exceed the budget if additional resources are available to finance such expenditures.

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46

Notes To Financial Statements (Continued)

June 30, 2006

NOTE 8. COMMITMENTS

As of June 30, 2006, the District has commitments for construction projects not to exceed approximately \$22,000,000. These commitments relate to continued improvements at the various buildings.

NOTE 9. RISK MANAGEMENT

The District has purchased insurance through risk pools (see Note 10). Risks covered include health, general liability, workers' compensation and other. Premiums have been displayed as expenditures in appropriate funds. No material decreases in insurance coverages have occurred nor have any insurance claims in excess of insurance coverages been paid or reported.

NOTE 10. COLLECTIVE LIABILITY INSURANCE COOPERATIVE

The District is a member of the Collective Liability Insurance Cooperative (CLIC), along with other area school districts. The District obtains property and liability insurance, and claims and loss administration services, through CLIC. The District is financially responsible for annual premiums based on types and levels of coverage. CLIC is separately audited and its financial information is not included in these financial statements. Financial information may be obtained directly from CLIC, by contacting its administration, in care of, High School District 113 at 1040 Park Avenue West, Highland Park, Illinois 60035.

NOTE 11. SPECIAL EDUCATION DISTRICT OF LAKE COUNTY

The District is a member of the Special Education District of Lake County (SEDOL), along with other area school districts. SEDOL provides special education programs and services which benefit District students, and also provides jointly administered grants and programming which benefits the District. The District is financially responsible for annual and special assessments as established by the SEDOL board of trustees, and fees for programs and services based on usage. SEDOL is separately audited and its financial information is not included in these financial statements. Financial information may be obtained directly from SEDOL at 18160 Gages Lake Road, Gages Lake, Illinois 60030.

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46**Notes To Financial Statements (Continued)****June 30, 2006****NOTE 12. INTERFUND TRANSFERS**

The following interfund transfers were made during the year ended June 30, 2006:

Transfer From:	Transfer To:	Amount
General Fund: Education Account	Working Cash Fund	\$ 200,819
General Fund: Operations & Maintenance Account	Working Cash Fund	85,064
Bond & Interest Fund	Working Cash Fund	36,806
Transportation Fund	Working Cash Fund	4,996
Municipal Retirement/Social Security Fund	Working Cash Fund	901
Site & Construction Fund	Working Cash Fund	176,088
Total		\$ 504,674

The amounts are not included in the government-wide statement of net assets.

NOTE 13. DEFICIT FUND BALANCES

The Municipal Retirement/Social Security Fund has a deficit fund balance of \$32,735 at June 30, 2006.

NOTE 14. GAIN ON ADJUSTMENT OF ACCRETION

During the year the District refunded a large portion of their Capital Appreciation Bonds. This resulted in a restatement of the accrued interest (accretion). The resulting gain was \$9,617,442.

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2006

	General			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
REVENUES				
Local sources	\$ 19,037,777	\$ 19,037,777	\$ 19,921,081	\$ 883,304
State sources	10,039,220	10,039,220	9,696,615	(342,605)
Federal sources	736,409	736,409	914,166	177,757
Total Revenues	29,813,406	29,813,406	30,531,862	718,456
EXPENDITURES				
Current operating:				
Instruction	17,436,525	17,315,325	16,459,996	855,329
Support services	11,037,717	10,771,217	10,124,866	646,351
Non-programmed charges	425,000	425,000	600,971	(175,971)
Debt service:				
Principal	-	-	270,522	(270,522)
Interest and other	-	-	27,148	(27,148)
Capital outlay	-	387,700	166,389	221,311
Provision for contingencies	969,000	969,000	-	969,000
Total Expenditures	29,868,242	29,868,242	27,649,892	2,218,350
Excess (deficiency) of revenues over expenditures	(54,836)	(54,836)	2,881,970	2,936,806
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,800,000)	(1,800,000)	(285,883)	1,514,117
Sale of Fixed Assets	1,800,000	1,800,000	1,837,898	37,898
Total other financing sources (uses)	-	-	1,552,015	1,552,015
Net changes in fund balance	\$ (54,836)	\$ (54,836)	4,433,985	\$ 4,488,821
Fund Balances at beginning of year			10,237,187	
FUND BALANCES AT END OF YEAR			\$ 14,671,172	

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46
BALANCE SHEET BY ACCOUNT
GENERAL FUND
JUNE 30, 2006

	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Total General</u>
<u>ASSETS</u>			
Cash and investments	\$ 7,940,677	\$ 6,620,945	\$ 14,561,622
Receivables:			
Property taxes	7,937,919	1,502,920	9,440,839
Due from other governments	1,493,383	-	1,493,383
Other	2,829	-	2,829
TOTAL ASSETS	<u>\$ 17,374,808</u>	<u>\$ 8,123,865</u>	<u>\$ 25,498,673</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 15,074	\$ 66,294	\$ 81,368
Accrued salaries and related expenditures	1,305,294	-	1,305,294
Deferred revenue	7,937,919	1,502,920	9,440,839
Total Liabilities	<u>9,258,287</u>	<u>1,569,214</u>	<u>10,827,501</u>
Fund balances:			
Unreserved - undesignated	8,116,521	3,361,885	11,478,406
Reserved - designated	-	3,192,766	3,192,766
Total Fund Balances	<u>8,116,521</u>	<u>6,554,651</u>	<u>14,671,172</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 17,374,808</u>	<u>\$ 8,123,865</u>	<u>\$ 25,498,673</u>

GRAYSLAND COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES BY ACCOUNT
GENERAL FUND
YEAR ENDED JUNE 30, 2006

	Educational	Operations and Maintenance	Total General
REVENUES			
Local sources			
State sources	\$ 16,358,059	\$ 3,563,022	\$ 19,921,081
Federal sources	9,696,615	-	9,696,615
	914,166	-	914,166
Total Revenues	<u>26,968,840</u>	<u>3,563,022</u>	<u>30,531,862</u>
EXPENDITURES			
Current operating:			
Instruction	16,459,996	-	16,459,996
Support services	7,640,207	2,484,659	10,124,866
Non-programmed charges	600,971	-	600,971
Debt service:			
Principal	132,335	138,187	270,522
Interest and other	15,906	11,242	27,148
Capital outlay	129,774	36,615	166,389
Total Expenditures	<u>24,979,189</u>	<u>2,670,703</u>	<u>27,649,892</u>
Excess of revenues over expenditures	<u>1,989,651</u>	<u>892,319</u>	<u>2,881,970</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(200,819)	(85,064)	(285,883)
Sale of Fixed Assets	-	1,837,898	1,837,898
Total other financing sources (uses)	<u>(200,819)</u>	<u>1,752,834</u>	<u>1,552,015</u>
Net changes in fund balance	1,788,832	2,645,153	4,433,985
Fund balances at beginning of year	<u>6,327,689</u>	<u>3,909,498</u>	<u>10,237,187</u>
FUND BALANCES AT END OF YEAR	<u><u>\$ 8,116,521</u></u>	<u><u>\$ 6,554,651</u></u>	<u><u>\$ 14,671,172</u></u>

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2006

	Budget	Actual	Variance favorable (unfavorable)
REVENUES			
Local sources:			
Property taxes	\$ 14,436,681	\$ 14,878,190	\$ 441,509
Corporate personal property replacement taxes	100,000	122,215	22,215
Tuition	50,200	43,688	(6,512)
Earnings on investments	60,000	260,819	200,819
Food services	558,500	483,897	(74,603)
Pupil activities and textbooks	288,500	276,089	(12,411)
Rentals	10,000	60,336	50,336
Other	225,000	232,825	7,825
Total local sources	15,728,881	16,358,059	629,178
State sources:			
Unrestricted:			
General state aid	6,207,966	6,807,989	600,023
Restricted:			
Special education	1,223,630	1,233,856	10,226
Summer school	12,000	9,136	(2,864)
Bilingual education	79,000	94,904	15,904
Reading improvement	146,624	148,545	1,921
Prekindergarten program for at risk students	100,000	105,712	5,712
School lunch aid	17,000	8,602	(8,398)
ADA safety and education block grant	100,000	123,397	23,397
On behalf payments - State of Illinois	2,150,000	1,158,635	(991,365)
Other grants-in-aid	3,000	5,839	2,839
Total state sources	\$ 10,039,220	\$ 9,696,615	\$ (342,605)

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2006

	Budget	Actual	Variance favorable (unfavorable)
Federal sources:			
Title I	\$ 128,700	\$ 135,156	\$ 6,456
IDEA - Flow through	27,714	49,297	21,583
School lunch programs	190,000	235,356	45,356
Title V	12,032	8,072	(3,960)
Title II	87,667	91,268	3,601
Title III - English	32,800	66,930	34,130
Drug free	12,871	13,724	853
IDEA - Room and board	125,000	171,390	46,390
Emergency immigrant education assistance	10,625	16,235	5,610
Medicaid matching/administrative outreach	70,000	111,355	41,355
Other	39,000	15,383	(23,617)
Total federal sources	736,409	914,166	177,757
Total revenues	26,504,510	26,968,840	464,330
EXPENDITURES			
Current operating:			
Instruction:			
Regular programs:			
Salaries	7,593,205	7,866,398	(273,193)
Employee benefits	1,393,391	1,246,997	146,394
On behalf payments - State of Illinois	2,150,000	1,158,635	991,365
Purchased services	198,413	111,396	87,017
Supplies and materials	546,700	301,184	245,516
Other	4,000	5,828	(1,828)
Total	11,885,709	10,690,438	1,195,271
Special education programs:			
Salaries	2,900,770	2,998,073	(97,303)
Employee benefits	565,130	527,481	37,649
Purchased services	44,000	7,921	36,079
Supplies and materials	25,500	22,945	2,555
Other	-	495	(495)
Tuition	300,000	407,579	(107,579)
Total	\$ 3,835,400	\$ 3,964,494	\$ (129,094)

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2006

	Budget	Actual	Variance favorable (unfavorable)
Educationally deprived/remedial programs:			
Salaries	\$ 468,953	\$ 653,006	\$ (184,053)
Employee benefits	93,157	111,854	(18,697)
Purchased services	5,558	16,562	(11,004)
Supplies and materials	21,000	12,380	8,620
Total	588,668	793,802	(205,134)
Interscholastic programs:			
Salaries	55,000	64,841	(9,841)
Employee benefits	414	1,221	(807)
Purchased services	4,600	4,658	(58)
Supplies and materials	-	40	(40)
Total	60,014	70,760	(10,746)
Summer school:			
Salaries	44,820	42,207	2,613
Employee benefits	350	681	(331)
Supplies and materials	3,000	929	2,071
Other	-	67	(67)
Total	48,170	43,884	4,286
Bilingual:			
Salaries	726,624	723,791	2,833
Employee benefits	131,530	122,240	9,290
Purchased services	13,100	9,684	3,416
Supplies and materials	26,110	39,340	(13,230)
Other	-	1,563	(1,563)
Total	897,364	896,618	746
Total instruction	17,315,325	16,459,996	855,329
Support services:			
Pupils:			
Attendance and social work:			
Salaries	550,000	555,346	(5,346)
Employee benefits	83,084	73,693	9,391
Purchased services	1,500	-	1,500
Supplies and materials	8,000	881	7,119
Total	\$ 642,584	\$ 629,920	\$ 12,664

(Continued)

GRAND LAKES COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2006

	Budget	Actual	Variance favorable (unfavorable)
Health services:			
Salaries	\$ 406,836	\$ 445,356	\$ (38,520)
Employee benefits	67,945	65,550	2,395
Purchased services	8,200	2,375	5,825
Supplies and materials	4,750	3,989	761
Total	487,731	517,270	(29,539)
Psychological services:			
Salaries	291,350	296,591	(5,241)
Employee benefits	49,170	44,372	4,798
Purchased services	30,150	13,261	16,889
Supplies and materials	10,000	287	9,713
Total	380,670	354,511	26,159
Speech pathology and audiology services:			
Salaries	667,900	716,239	(48,339)
Employee benefits	96,797	95,774	1,023
Purchased services	108,150	126,695	(18,545)
Supplies and materials	8,400	19,677	(11,277)
Total	881,247	958,385	(77,138)
Other support services:			
Salaries	221,200	231,704	(10,504)
Employee benefits	19,222	68,143	(48,921)
Purchased services	24,114	21,650	2,464
Supplies and materials	7,500	3,521	3,979
Total	272,036	325,018	(52,982)
Total pupils	2,664,268	2,785,104	(120,836)
Instructional staff:			
Improvement of instruction services:			
Salaries	185,500	235,665	(50,165)
Employee benefits	164,651	172,269	(7,618)
Purchased services	14,924	15,701	(777)
Supplies and materials	5,000	6,623	(1,623)
Other	2,892	2,892	-
Total	\$ 372,967	\$ 433,150	\$ (60,183)

(Continued)

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2006

	Budget	Actual	Variance favorable (unfavorable)
Educational media services:			
Salaries	\$ 951,697	\$ 982,309	\$ (30,612)
Employee benefits	171,111	160,835	10,276
Purchased services	94,200	26,061	68,139
Supplies and materials	86,000	96,388	(10,388)
Other	2,508	1,900	608
Total	1,305,516	1,267,493	38,023
Assessment and testing:			
Purchased services	66,000	48,924	17,076
Supplies and materials	20,000	-	20,000
Total	86,000	48,924	37,076
Total instructional staff	1,764,483	1,749,567	14,916
General administration:			
Board of education:			
Salaries	26,800	3,667	23,133
Employee benefits	3,300	-	3,300
Purchased services	438,900	267,678	171,222
Supplies and materials	4,444	1,769	2,675
Other	-	2,326	(2,326)
Total	473,444	275,440	198,004
Executive administration:			
Salaries	175,800	197,569	(21,769)
Employee benefits	43,508	43,857	(349)
Purchased services	16,000	15,958	42
Supplies and materials	4,000	4,474	(474)
Other	-	809	(809)
Total	239,308	262,667	(23,359)
Total general administration	\$ 712,752	\$ 538,107	\$ 174,645

GRAYLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
School administration:			
Office of the principal:			
Salaries	\$ 955,782	\$ 987,140	\$ (31,358)
Employee benefits	287,480	292,003	(4,523)
Purchased services	97,958	39,302	58,656
Supplies and materials	37,214	63,355	(26,141)
Total	1,378,434	1,381,800	(3,366)
Total school administration	1,378,434	1,381,800	(3,366)
Business:			
Fiscal services:			
Salaries	304,500	241,614	62,886
Employee benefits	90,661	62,955	27,706
Purchased services	57,650	66,886	(9,236)
Supplies and materials	7,475	7,122	353
Other	-	(1,555)	1,555
Total	460,286	377,022	83,264
Food services:			
Salaries	58,300	40,009	18,291
Employee benefits	6,166	7,535	(1,369)
Purchased services	702,500	698,889	3,611
Supplies and materials	18,000	6,555	11,445
Other	1,500	1,576	(76)
Total	786,466	754,564	31,902
Total business	1,246,752	1,131,586	115,166
Central:			
Other services:			
Employee benefits	32,700	45,467	(12,767)
Purchased services	5,000	8,576	(3,576)
Total	37,700	54,043	(16,343)
Total support services	\$ 7,804,389	\$ 7,640,207	\$ 164,182

(Continued)

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
EDUCATIONAL ACCOUNT
YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Non-programmed charges:			
Payments for special education programs			
Tuition	\$ 425,000	\$ 600,971	\$ (175,971)
Total non-programmed charges	<u>425,000</u>	<u>600,971</u>	<u>(175,971)</u>
Debt service:			
Capital lease obligations			
Principal	-	132,335	(132,335)
Interest	-	15,906	(15,906)
Total debt service	<u>-</u>	<u>148,241</u>	<u>(148,241)</u>
Capital outlay	<u>166,200</u>	<u>129,774</u>	<u>36,426</u>
Provision for contingencies	<u>849,000</u>	<u>-</u>	<u>849,000</u>
Total expenditures	<u>26,559,914</u>	<u>24,979,189</u>	<u>1,580,725</u>
Excess (deficiency) of revenues over expenditures	<u>(55,404)</u>	<u>1,989,651</u>	<u>2,045,055</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	56,000	-	(56,000)
Transfers out	-	(200,819)	(200,819)
Total other financing sources (uses)	<u>56,000</u>	<u>(200,819)</u>	<u>(256,819)</u>
Net changes in fund balance	<u>\$ 596</u>	<u>1,788,832</u>	<u>\$ 1,788,236</u>
Fund balance at beginning of year		<u>6,327,689</u>	
FUND BALANCE AT END OF YEAR		<u>\$ 8,116,521</u>	

GRANTLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
OPERATIONS AND MAINTENANCE ACCOUNT
YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES			
Local sources:			
Property taxes	\$ 2,983,896	\$ 2,949,998	\$ (33,898)
Earnings on investments	50,000	135,064	85,064
Rentals	25,000	84,702	59,702
Donations from private sources	250,000	393,258	143,258
Total local sources	3,308,896	3,563,022	254,126
Total revenues	3,308,896	3,563,022	254,126
EXPENDITURES			
Current operating:			
Operations and maintenance of plant services:			
Salaries	631,250	598,655	32,595
Employee benefits	122,020	106,837	15,183
Purchased services	771,741	775,371	(3,630)
Supplies and materials	1,212,000	999,001	212,999
Other	229,817	4,795	225,022
Total	2,966,828	2,484,659	482,169
Total support services	2,966,828	2,484,659	482,169
Debt service:			
Principal	-	138,187	(138,187)
Interest and other	-	11,242	(11,242)
Total debt service	-	149,429	(149,429)
Capital outlay	221,500	36,615	184,885
Provision for contingencies	120,000	-	120,000
Total expenditures	3,308,328	2,670,703	637,625
Excess (deficiency) of revenues over expenditures	\$ 568	\$ 892,319	\$ 891,751

(Continued)

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
OPERATIONS AND MAINTENANCE ACCOUNT
YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	\$ (1,800,000)	\$ (85,064)	\$ 1,714,936
Sale of Fixed Assets	<u>1,800,000</u>	<u>1,837,898</u>	<u>37,898</u>
Total other financing sources (uses)	<u>-</u>	<u>1,752,834</u>	<u>1,752,834</u>
Net changes in fund balance	<u>\$ 568</u>	<u>2,645,153</u>	<u>\$ 2,644,585</u>
Fund balance at beginning of year		<u>3,909,498</u>	
FUND BALANCE AT END OF YEAR		<u>\$ 6,554,651</u>	

GRANTLAND COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
BOND AND INTEREST FUND
YEAR ENDED JUNE 30, 2006

	Budget	Actual	Variance favorable (unfavorable)
REVENUES			
Local sources:			
Property taxes	\$ 2,903,711	\$ 3,418,916	\$ 515,205
Earnings on investments	25,000	36,806	11,806
Total local sources	2,928,711	3,455,722	527,011
Total revenues	2,928,711	3,455,722	527,011
EXPENDITURES			
Debt service:			
Principal retirement	1,663,534	1,879,842	(216,308)
Interest on bonds	1,199,611	2,376,157	(1,176,546)
Service charges	6,000	3,020	2,980
Total expenditures	2,869,145	4,259,019	(1,389,874)
Excess (deficiency) of revenues over expenditures	59,566	(803,297)	(862,863)
OTHER FINANCING SOURCES (USES)			
Principal on bonds sold	-	5,873,717	5,873,717
Accrued interest on bonds sold	-	104,098	104,098
Deposit into escrow for bond refunding	-	(5,307,915)	(5,307,915)
Transfers out	-	(36,806)	(36,806)
Total other financing sources (uses)	-	633,094	633,094
Net changes in fund balance	\$ 59,566	(170,203)	\$ (229,769)
Fund balance at beginning of year		1,914,705	
FUND BALANCE AT END OF YEAR		\$ 1,744,502	

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SITE AND CONSTRUCTION FUND
YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES			
Local sources:			
Earnings on investments	\$ 500,000	\$ 176,088	\$ (323,912)
Total local sources	500,000	176,088	(323,912)
Total revenues	500,000	176,088	(323,912)
EXPENDITURES			
Current operating:			
Support services:			
Facilities acquisition and construction services:			
Purchased services	500,000	1,013,598	(513,598)
Other	-	677	(677)
Total support services	500,000	1,014,275	(514,275)
Capital outlay	11,360,000	11,407,712	(47,712)
Provision for contingencies	4,000,000	-	4,000,000
Total expenditures	15,860,000	12,421,987	3,438,013
Excess (deficiency) of revenues over expenditures	(15,360,000)	(12,245,899)	3,114,101
OTHER FINANCING SOURCES (USES)			
Proceeds from bond sales	42,000,000	41,106,283	(893,717)
Premium on bonds sold	-	1,066,190	1,066,190
Transfer out	-	(176,088)	(176,088)
Total other financing sources (uses)	42,000,000	41,996,385	(3,615)
Net changes in fund balance	\$ 26,640,000	29,750,486	\$ 3,110,486
Fund balance at beginning of year		2,591,341	
FUND BALANCE AT END OF YEAR		<u>\$ 32,341,827</u>	

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006

	<u>Transportation</u>	<u>Municipal Retirement/ Social Security</u>	<u>Working Cash</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS</u>				
Assets:				
Cash and investments	\$ 2,640	\$ 2,429	\$ 2,623,179	\$ 2,628,248
Receivables:				
Property taxes	396,892	272,879	153,711	823,482
Due from other governments	1,207,062	-	-	1,207,062
TOTAL ASSETS	<u>\$ 1,606,594</u>	<u>\$ 275,308</u>	<u>\$ 2,776,890</u>	<u>\$ 4,658,792</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accrued salaries and related expenditures	\$ -	\$ 35,164	\$ -	\$ 35,164
Deferred revenue	396,892	272,879	153,711	823,482
Total Liabilities	<u>396,892</u>	<u>308,043</u>	<u>153,711</u>	<u>858,646</u>
Fund Balances (Deficits):				
Unreserved - undesignated	1,209,702	(32,735)	2,623,179	3,800,146
Total Fund Balances	<u>1,209,702</u>	<u>(32,735)</u>	<u>2,623,179</u>	<u>3,800,146</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,606,594</u>	<u>\$ 275,308</u>	<u>\$ 2,776,890</u>	<u>\$ 4,658,792</u>

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006

	<u>Transportation</u>	<u>Municipal Retirement/ Social Security</u>	<u>Working Cash</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES				
Local sources	\$ 752,709	\$ 437,304	\$ 809,677	\$ 1,999,690
State sources	1,291,060	390,000	-	1,681,060
Total Revenues	<u>2,043,769</u>	<u>827,304</u>	<u>809,677</u>	<u>3,680,750</u>
EXPENDITURES				
Current operating:				
Instruction	-	423,417	-	423,417
Support services	2,224,430	479,491	-	2,703,921
Total Expenditures	<u>2,224,430</u>	<u>902,908</u>	<u>-</u>	<u>3,127,338</u>
Excess (deficiency) of revenues over expenditures	(180,661)	(75,604)	809,677	553,412
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	504,674	504,674
Transfers out	(4,996)	(901)	-	(5,897)
Total other financing sources (uses)	<u>(4,996)</u>	<u>(901)</u>	<u>504,674</u>	<u>498,777</u>
Net changes in fund balance	<u>(185,657)</u>	<u>(76,505)</u>	<u>1,314,351</u>	<u>1,052,189</u>
Fund balances at beginning of year	<u>1,395,359</u>	<u>43,770</u>	<u>1,308,828</u>	<u>2,747,957</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,209,702</u>	<u>\$ (32,735)</u>	<u>\$2,623,179</u>	<u>\$ 3,800,146</u>

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TRANSPORTATION FUND
YEAR ENDED JUNE 30, 2006

	Budget	Actual	Variance favorable (unfavorable)
REVENUES			
Local sources:			
Property taxes	\$ 715,812	\$ 742,713	\$ 26,901
Earnings on investments	5,000	9,996	4,996
Total local sources	720,812	752,709	31,897
State sources:			
General state aid	412,000	80,000	(332,000)
Transportation aid	1,350,000	1,211,060	(138,940)
Total state sources	1,762,000	1,291,060	(470,940)
Total revenues	2,482,812	2,043,769	(439,043)
EXPENDITURES			
Current operating:			
Support services:			
Pupil transportation services:			
Salaries	56,531	20,118	36,413
Employee benefits	22,452	6,576	15,876
Purchased services	2,183,700	2,020,884	162,816
Supplies and materials	210,000	319	209,681
Other	-	176,533	(176,533)
Total support services	2,472,683	2,224,430	248,253
Provision for contingencies	10,000	-	10,000
Total expenditures	2,482,683	2,224,430	258,253
Excess (deficiency) of revenues over expenditures	129	(180,661)	(180,790)
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(4,996)	(4,996)
Total other financing sources (uses)	-	(4,996)	(4,996)
Net changes in fund balance	\$ 129	(185,657)	\$ (185,786)
Fund balance at beginning of year		1,395,359	
FUND BALANCE AT END OF YEAR		\$ 1,209,702	

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
YEAR ENDED JUNE 30, 2006

	Budget	Actual	Variance favorable (unfavorable)
REVENUES			
Local sources:			
Property taxes	\$ 604,097	\$ 426,398	\$ (177,699)
Corporate personal property replacement taxes	-	10,000	10,000
Earnings on investments	-	901	901
Other	-	5	5
Total local sources	604,097	437,304	(166,793)
State sources:			
Unrestricted:			
General state aid	240,000	390,000	150,000
Total state sources	240,000	390,000	150,000
Total revenues	844,097	827,304	(16,793)
EXPENDITURES			
Current operating:			
Instruction:			
Regular programs	143,462	140,487	2,975
Special education programs	191,820	218,506	(26,686)
Educationally deprived/remedial programs	7,710	33,922	(26,212)
Interscholastic programs	1,000	1,356	(356)
Summer school programs	1,160	1,792	(632)
Bilingual programs	15,400	27,354	(11,954)
Total instruction	360,552	423,417	(62,865)
Support services:			
Pupils:			
Attendance and social work services	8,200	8,716	(516)
Health services	73,800	84,932	(11,132)
Psychological services	4,300	4,436	(136)
Speech pathology and audiology services	25,250	21,277	3,973
Other	14,900	15,168	(268)
Total pupils	\$ 126,450	\$ 134,529	\$ (8,079)

(Continued)

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Instructional staff:			
Improvement of instruction services	\$ 8,500	\$ 10,254	\$ (1,754)
Educational media services	81,700	80,555	1,145
Assessment and testing	12,900	4,433	8,467
Total instructional staff	103,100	95,242	7,858
General administration:			
Board of education services	5,800	641	5,159
Executive administration services	12,970	10,817	2,153
Total general administration	18,770	11,458	7,312
School administration:			
Office of the principal services	72,600	77,821	(5,221)
Total school administration	72,600	77,821	(5,221)
Business:			
Fiscal services	41,100	37,809	3,291
Operations and maintenance of plant services	117,500	118,635	(1,135)
Food services	3,100	3,903	(803)
Total business	161,700	160,347	1,353
Central:			
Other services	910	94	816
Total other	910	94	816
Total support services	483,530	479,491	4,039
Total expenditures	\$ 844,082	\$ 902,908	\$ (58,826)

(Continued)

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
Excess (deficiency) of revenues over expenditures	\$ 15	(75,604)	\$ (75,619)
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(901)	(901)
Total other financing sources (uses)	-	(901)	(901)
Net changes in fund balance	<u>\$ 15</u>	<u>(76,505)</u>	<u>\$ (76,520)</u>
Fund balance at beginning of year		43,770	
FUND BALANCE (DEFICIT) AT END OF YEAR		<u>\$ (32,735)</u>	

GRANT AND GENERAL CONSOLIDATED SCHOOL DISTRICT NO. 46
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
WORKING CASH FUND
YEAR ENDED JUNE 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES			
Local sources:			
Property taxes	\$ 283,140	\$ 282,266	\$ (874)
Earnings on investments	25,000	527,411	502,411
Total local sources	308,140	809,677	501,537
Total revenues	308,140	809,677	501,537
Excess (deficiency) of revenues over expenditures	308,140	809,677	501,537
OTHER FINANCING SOURCES (USES)			
Transfers in	1,800,000	504,674	(1,295,326)
Transfers out	(56,000)	-	56,000
Total other financing sources (uses)	1,744,000	504,674	(1,239,326)
Net changes in fund balance	\$ 2,052,140	1,314,351	\$ (737,789)
Fund balance at beginning of year		1,308,828	
FUND BALANCE AT END OF YEAR		\$ 2,623,179	

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS - ACTIVITY FUNDS
YEAR ENDED JUNE 30, 2006

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2006</u>
Assets:				
Cash	\$ 116,248	\$ 249,625	\$ 241,795	\$ 124,078
Liabilities:				
Due to organizations	\$ 116,248	\$ 249,625	\$ 241,795	\$ 124,078

GRAY LAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46
SCHEDULE OF PROPERTY TAX RATES, EXTENSIONS AND COLLECTIONS
LAST THREE TAX LEVY YEARS

	2005	2004	2003
ASSESSED VALUATION	\$ 656,940,893	\$ 589,898,770	\$ 551,610,863
Rates extended:			
Educational	2.3400	2.3700	2.4120
Tort immunity	0.0220	0.0230	0.0110
Special education	0.0200	0.0130	0.0110
Operations and maintenance	0.4510	0.5000	0.5000
Transportation	0.1190	0.1200	0.1200
Illinois municipal retirement/social security	0.0640	0.0740	0.0220
IMRF - SEDOL pass through	0.0090	0.0090	0.0080
Bond and interest	0.5990	0.4970	0.5060
Working cash	0.0460	0.0450	0.0300
Total rates extended	3.6700	3.6510	3.6200
Property tax extensions:			
Educational	\$ 15,372,417	\$ 13,980,600	\$ 13,304,855
Tort immunity	144,527	135,677	60,677
Special education	131,388	76,687	60,677
Operations and maintenance	2,962,803	2,949,494	2,758,055
Transportation	781,760	707,879	661,933
Illinois municipal retirement/social security	420,442	436,525	121,354
IMRF - SEDOL pass through	59,125	53,091	44,129
Bond and interest	3,935,076	2,931,797	2,791,151
Working cash	302,193	265,454	165,483
Total levies extended	\$ 24,109,731	\$ 21,537,204	\$ 19,968,314

Tax rates are expressed in dollars per one hundred of assessed valuation.

Source of information: Lake County Levy, Rate and Extension Reports for 2003-2005.

GRAYSLAKE COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 46
OPERATING COST AND TUITION CHARGE
YEAR ENDED JUNE 30, 2006

Expenditures:		
Educational Fund	\$ 24,979,189	
Operations and Maintenance Fund	2,670,703	
Bond and Interest Fund	4,259,019	
Transportation Fund	2,224,430	
Municipal Retirement/Social Security Fund	<u>902,908</u>	
Total expenditures		35,036,249
Less revenues/expenditures not applicable to operating expense of regular program:		
Early childhood grant	105,712	
Summer school	45,676	
Tuition paid	1,008,550	
Preschool flow through	42,790	
On behalf payments - State of Illinois	1,158,635	
Capital outlay	166,389	
Bond and lease principal retired	<u>2,150,364</u>	
		<u>4,678,116</u>
Regular operating expenditures		30,358,133
Offsetting revenues		<u>4,823,336</u>
Net operating expenditures		25,534,797
Depreciation allowance		<u>2,176,423</u>
Total allowance for tuition computation		<u>\$ 27,711,220</u>
Average daily attendance		<u>3,675.14</u>
Per capita tuition charge		<u>\$ 7,540.18</u>

Source of information: 2006 annual financial report

Community Consolidated School District Number 46 - Lake County, IL

Outstanding Debt Service Profile

Abatement of Premium from 1999 Referendum (\$6,899,865.60)

Year	Equalized Assessed Valuation	Increase	Outstanding Referendum Debt Service	Refunded Bonds	Series 2005 Referendum Bonds	Total Debt Service	Less: \$6.899M Abatement	Total Debt Service	Proposed B&I Tax Rate
005	656,940,893	11.37%	3,011,395	(1,500,000)	2,342,206	3,853,601		3,853,601	0.5
006	722,634,982	10.00%	3,155,000	(1,260,000)	2,342,206	4,237,206	(4,237,206)	-	0.5
007	794,898,481	10.00%	3,280,000	(960,000)	2,342,206	4,662,206	(2,662,659)	1,999,547	0.5
008	874,388,329	10.00%	3,625,000	(840,000)	2,342,206	5,127,206		5,127,206	0.5
009	961,827,161	10.00%	3,805,000	(505,000)	2,342,206	5,642,206		5,642,206	0.5
010	1,009,918,520	5.00%	3,995,000	(415,000)	2,342,206	5,922,206		5,922,206	0.5
011	1,060,414,445	5.00%	4,195,000	(320,000)	2,342,206	6,217,206		6,217,206	0.5
012	1,113,435,168	5.00%	4,405,000	(215,000)	2,342,206	6,532,206		6,532,206	0.5
013	1,169,106,926	5.00%	4,625,000	(110,000)	2,342,206	6,857,206		6,857,206	0.5
014	1,227,562,272	5.00%	4,855,000		2,342,206	7,197,206		7,197,206	0.5
015	1,288,940,386	5.00%	5,100,000		2,459,506	7,559,506		7,559,506	0.5
016	1,353,387,405	5.00%	5,355,000		2,581,181	7,936,181		7,936,181	0.5
017	1,421,056,776	5.00%	5,625,000		2,711,422	8,336,422		8,336,422	0.5
018	1,492,109,614	5.00%	5,905,000		2,849,453	8,754,453		8,754,453	0.5
019	1,566,715,095	5.00%	6,200,000		2,989,400	9,189,400		9,189,400	0.5
020	1,645,050,850	5.00%	800,000		8,847,931	9,647,931		9,647,931	0.5
021	1,727,303,392	5.00%			10,132,806	10,132,806		10,132,806	0.5
022	1,813,668,562	5.00%			10,637,306	10,637,306		10,637,306	0.5
023	1,904,351,990	5.00%			11,170,669	11,170,669		11,170,669	0.5
024	1,999,569,590	5.00%			10,166,828	10,166,828		10,166,828	0.5
total:			\$67,936,395	(6,125,000)	\$87,968,566	\$149,779,961	(6,899,866)	\$142,880,095	

Page:

0.5